



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Pension Fund Fiscal Note 2015 Biennium

To open, right click on "Select a bill", select Worksheet Object/Edit. To exit, click outside the spreadsheet.

Bill #	HB0096	Title:	Provide actuarial funding for PERS, HPORS, GWPORS, SRS retirement systems
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Primary Sponsor:	Wilmer, Franke	Status:	As Introduced
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Retirement Systems Affected:

<input type="checkbox"/> Teachers	<input checked="" type="checkbox"/> Public Employees	<input checked="" type="checkbox"/> Highway Patrol	<input type="checkbox"/> Police
<input checked="" type="checkbox"/> Sheriffs	<input type="checkbox"/> Firefighters	<input type="checkbox"/> Volunteer Firefighters	<input checked="" type="checkbox"/> Game Wardens
			<input type="checkbox"/> Judges

Check the box if "Yes".

- ☒ Has this legislation been reviewed by the legislative interim committee?
- ☒ Has the cost of this legislation been calculated by the system's actuary?
- ☐ Does this legislation include full funding for any benefit revisions?

To open the Fiscal Summary spreadsheet, right click on the spreadsheet, select Worksheet Object/Edit. To exit the spreadsheet, click outside of the spreadsheet.

PERS	July 1, 2012 Current System	July 1, 2012 With Changes	Increase/ (Decrease)
Present Value of Actuarial Accrued Liability	\$5,661,281,000	\$5,661,281,000	\$0
Present Value of Actuarial Assets	\$3,816,920,000	\$3,816,920,000	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$1,844,361,000	\$1,844,361,000	\$0
Amortization Period (years) of UAAL	dna	dna	0.00
Change in normal costs	11.80%	11.80%	0.00%

PERS	FY 2013 July 1, 2012	FY 2014 July 1, 2013	FY 2015 July 1, 2014	FY 2016 July 1, 2015	FY 2017 July 1, 2016
Employee Contr Rate prior 7/1/2011	6.90%	6.90%	6.90%	6.90%	6.90%
Employee Contr Rate 7/1/2011	7.90%	7.90%	7.90%	7.90%	7.90%
State and MUS Contribution Rat	7.17%	7.42%	7.67%	7.92%	8.17%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
Local Govt Contribution Rate	7.07%	7.32%	7.57%	7.82%	8.07%
State Contribution Rate	0.10%	0.10%	0.10%	0.10%	0.10%
School District Contribution Rat	6.80%	7.05%	7.30%	7.55%	7.80%
State Contribution Rate	0.37%	0.37%	0.37%	0.37%	0.37%
TOTAL Contribution Rate	15.07%	15.32%	15.57%	15.82%	16.07%

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HPORS	July 1, 2012 Current System	July 1, 2012 With Changes	Increase/ (Decrease)
Present Value of Actuarial Accrued Liability	\$167,824,000	\$167,824,000	\$0
Present Value of Actuarial Assets	\$96,655,000	\$96,655,000	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$71,169,000	\$71,169,000	\$0
Amortization Period (years) of UAAL	49.70	49.70	0.00
Change in normal costs	23.60%	23.60%	0.00%

HPORS	FY 2013 July 1, 2012	FY 2014 July 1, 2013	FY 2015 July 1, 2014	FY 2016 July 1, 2015	FY 2017 July 1, 2016
Employee Contribution Rate	9.050%	9.050%	9.050%	9.050%	9.050%
Employer Contribution Rate	26.150%	26.400%	26.650%	26.900%	27.150%
State Contribution Rate	10.18%	10.18%	10.18%	10.18%	10.18%
TOTAL Contribution Rate	45.38%	45.63%	45.88%	46.13%	46.38%

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SRS	July 1, 2012 Current System	July 1, 2012 With Changes	Increase/ (Decrease)
Present Value of Actuarial Accrued Liability	\$284,559,000	\$284,559,000	\$0
Present Value of Actuarial Assets	\$211,535,000	\$211,535,000	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$73,024,000	\$73,024,000	\$0
Amortization Period (years) of UAAL	dna	dna	0.00
Change in normal costs	18.73%	18.73%	0.00%

SRS	FY 2013 July 1, 2012	FY 2014 July 1, 2013	FY 2015 July 1, 2014	FY 2016 July 1, 2015	FY 2017 July 1, 2016
Employee Contribution Rate	9.245%	9.245%	9.245%	9.245%	9.245%
Employer Contribution Rate	10.115%	10.365%	10.615%	10.865%	11.115%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	19.36%	19.61%	19.86%	20.11%	20.36%

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GWPORS	July 1, 2012 Current System	July 1, 2012 With Changes	Increase/ (Decrease)
Present Value of Actuarial Accrued Liability	\$128,927,000	\$128,927,000	\$0
Present Value of Actuarial Assets	\$97,691,000	\$97,691,000	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$31,236,000	\$31,236,000	\$0
Amortization Period (years) of UAAL	dna	dna	0.00
Change in normal costs	18.98%	18.98%	0.00%

GWPORS	FY 2013 July 1, 2012	FY 2014 July 1, 2013	FY 2015 July 1, 2014	FY 2016 July 1, 2015	FY 2017 July 1, 2016
Employee Contribution Rate	10.560%	10.560%	10.560%	10.560%	10.560%
Employer Contribution Rate	9.000%	9.250%	9.500%	9.750%	10.000%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	19.56%	19.81%	20.06%	20.31%	20.56%

FISCAL SUMMARY

To open the Fiscal Summary spreadsheet, right click on the spreadsheet, select Worksheet Object/Edit. To exit the spreadsheet, click outside

	FY 2014	FY 2015	FY 2016	FY 2017
	Difference	Difference	Difference	Difference
Expenditures:				
General Fund	\$516,888	\$1,075,128	\$1,677,202	\$2,325,718
State Special Revenue	\$459,474	\$955,707	\$1,490,905	\$2,067,386
Federal Special Revenue	\$273,256	\$568,372	\$886,660	\$1,229,503
Proprietary	\$157,327	\$327,240	\$510,495	\$707,886
Other - University	\$228,144	\$474,542	\$740,286	\$1,026,529
Other - MUS other	\$231,840	\$482,227	\$752,275	\$1,043,155
Other - SRS counties	\$153,026	\$318,295	\$496,540	\$688,535
Other - Local Govt	\$1,099,167	\$2,286,267	\$3,566,575	\$4,945,652
Other - School Dist	\$380,952	\$792,380	\$1,236,114	\$1,714,076
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Other - Pensions	\$3,500,075	\$7,280,159	\$11,357,052	\$15,748,441
Net Impact-General Fund Balance	<u>(\$516,888)</u>	<u>(\$1,075,128)</u>	<u>(\$1,677,202)</u>	<u>(\$2,325,718)</u>

Description of fiscal impact: HB96 improves the actuarial funding of PERS, SRS, GWPORS, HPORS by providing a temporary increase in employer contributions rates by 1% of payroll phased in over a four-year period. Employer contributions would increase over current rates by 0.25% July 1,2013; 0.50% July1,2014; 0.75% July1,2015; 1.0% July 1,2016 (and later).

FISCAL ANALYSIS

Assumptions:

1. The actuary performed these calculations based upon the data, actuarial methods and assumptions used in the Actuarial Valuations of the PERS, SRS, GWPORS, HPRS as of June 30, 2012.
2. Salary projections are based on the actuarial assumed payroll growth assumption of 4%.
3. All actuarial assumptions will be realized, including the investment return assumption of 7.75%.
4. There have been no adjustments for actuarial gains and losses or for changes in membership or financial data since the last valuation as of June 30, 2012.
5. The fiscal impact presented in the report assumes that this bill is the only amendment being considered. If other changes are also adopted, the fiscal impact associated with this bill could be different.
6. For PERS and SRS, these additional contributions are in addition to the temporary contributions of 0.27% and 0.58% respectively which are required by current law.

7. If the amortization period for a particular system were to fall below 25 years, then the additional temporary contributions would be discontinued unless the discontinuance would cause the amortization period to exceed 25 years.
8. The projections do not adjust for potential discontinuation of the temporary contribution in the event that the amortization period for a particular system falls below 25 years.

To open the spreadsheet below, right click on the spreadsheet, select Worksheet Object/Edit. To exit the spreadsheet, click outside of the spreadsheet.

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
Equipment	\$0	\$0	\$0	\$0
Benefits	\$0	\$0	\$0	\$0
Transfers	\$0	\$0	\$0	\$0
TOTAL Expenditures	\$0	\$0	\$0	\$0

Funding of Expenditures:

General Fund (01)	\$516,888	\$1,075,128	\$1,677,202	\$2,325,718
State Special Revenue (02)	\$459,474	\$955,707	\$1,490,905	\$2,067,386
Federal Special Revenue (03)	\$273,256	\$568,372	\$886,660	\$1,229,503
Proprietary	\$157,327	\$327,240	\$510,495	\$707,886
Other - University	\$228,144	\$474,542	\$740,286	\$1,026,529
Other - MUS other	\$231,840	\$482,227	\$752,275	\$1,043,155
Other - SRS counties	\$153,026	\$318,295	\$496,540	\$688,535
Other - Local Govt	\$1,099,167	\$2,286,267	\$3,566,575	\$4,945,652
Other - School Dist	\$380,952	\$792,380	\$1,236,114	\$1,714,076
TOTAL Funding of Exp.	\$3,500,074	\$7,280,158	\$11,357,052	\$15,748,440

Revenues:

General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other - Pensions	\$3,500,075	\$7,280,159	\$11,357,052	\$15,748,441
TOTAL Revenues	\$3,500,075	\$7,280,159	\$11,357,052	\$15,748,441

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	-\$516,888	-\$1,075,128	-\$1,677,202	-\$2,325,718
State Special Revenue (02)	-\$459,474	-\$955,707	-\$1,490,905	-\$2,067,386
Federal Special Revenue (03)	-\$273,256	-\$568,372	-\$886,660	-\$1,229,503
Other	\$0	\$0	\$0	\$0

Effect on Local Governments:

1.

Long-Term Impacts:

1. Even though there is little if no impact on current valuation results, the longer term effects of the amendment will have a positive impact on the funded status of the plan.

Technical Notes:

1. This bill aids in the actuarial soundness, as required by the Constitution.

<u>Sponsor's Initials</u>	<u>Date</u>	<u>Budget Director's Initials</u>	<u>Date</u>
Fiscal note prepared by:		NOTE: Board response to OBPP fiscal note request	
Agency:	6104		
Phone number:	444-5457		